

The following Motions and Documents were considered by the GFC Academic Planning Committee at its Monday, March 08, 2021 meeting:

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Agenda Title: **University of Alberta 2021-2022 Budget**

CARRIED MOTION:

THAT the Academic Planning Committee rescind the following motion, originally approved at its meeting on February 24, 2021:

*THAT the Academic Planning Committee, with delegated authority from the General Faculties Council, recommend that the Board of Governors approve the 2021-22 consolidated budget as set forth in Attachment 2 [of the original meeting material].*

CARRIED MOTION:

THAT the Academic Planning Committee, with delegated authority from the General Faculties Council, recommend that the Board of Governors approve the revised 2021-22 Consolidated Budget as set forth in Attachment 1 [of this document].

FINAL Item 3

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FINAL Item No. 3

**Governance Executive Summary  
Action Item**

<b>Agenda Title</b>	<b>University of Alberta 2021-22 Budget</b>
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**Motion I**

THAT the Academic Planning Committee rescind the following motion, originally approved at its meeting on February 24, 2021:

*THAT the Academic Planning Committee, with delegated authority from the General Faculties Council, recommend that the Board of Governors approve the 2021-22 consolidated budget as set forth in Attachment 2 [of the original meeting material].*

**Motion II**

THAT the Academic Planning Committee, with delegated authority from the General Faculties Council, recommend that the Board of Governors approve the revised 2021-22 Consolidated Budget as set forth in Attachment 1 [of this document].

**Item**

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation
Proposed by	Todd Gilchrist, Vice President (University Services and Finance) Steven Dew, Provost and Vice President (Academic) Andrew Sharman, Vice President (Facilities and Operations)
Presenter(s)	Todd Gilchrist, Vice President (University Services and Finance) Steven Dew, Provost and Vice President (Academic) Andrew Sharman, Vice President (Facilities and Operations)

**Details**

Responsibility	Vice President (University Services and Finance) Provost and Vice President (Academic) Vice President (Facilities and Operations)
The Purpose of the Proposal is <i>(please be specific)</i>	To propose a revised version of the University of Alberta 2021-22 Budget and Capital Plan for recommendation to the Board of Governors.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>The University of Alberta 2021-22 Budget document provides a comprehensive overview of the university's budget, inclusive of all its component parts.</p> <p>The document was originally developed prior to the official release of the provincial budget tabled on February 25, 2021. The estimate for one of the university's main sources of revenue, the Campus Alberta Grant, was based on the last official guidance received from the Government of Alberta, which translated into a 9.7% cut. Similarly, we had received no specific indication related to the former Infrastructure Maintenance Program funds for the upcoming fiscal year and the budget was based on the expectation of these amounts remaining stable.</p> <p>Even though we had already been planning for an incredibly difficult financial challenge, the cut was even worse than anticipated. The budget tabled on February 25 imposed a \$60M cut to the University of Alberta's share of the Campus Alberta Grant, translating into an 11% reduction over the previous year. This is \$7M more than initially anticipated, and it comes on top of a \$110M cut in the past 2 years.</p>

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	<p>It is only due to the transformative work that the institution is undertaking through the University of Alberta for Tomorrow initiative that we can see a path to manage these unprecedented cuts.</p> <p>On a positive note, the February 25 provincial budget did provide an increase of 37% or \$13M to the Infrastructure Maintenance Program grant. While restricted, the grant will assist in addressing the deferred maintenance needs of the institution.</p> <p>In terms of changes to the budget document that had been previously recommended by BFPC, they are not as drastic due to the foresight and conservative approach to developing the University of Alberta budget as originally presented. The changes contained in the new document attached here for recommendation are described as follows:</p> <p>The additional cut to the Campus Alberta Grant resulted in (table 3 on page 11 of the budget document):</p> <ul style="list-style-type: none"> <li>● A decrease in the Government of Alberta grant revenue by \$7M.</li> <li>● A reduction in the maintenance and repairs costs by \$3M.</li> <li>● A reduction in materials, supplies and services costs by \$3M.</li> </ul> <p>The two last bullets refer to reductions primarily driven by the fact that the institution is no longer going to redirect an additional \$5M from operations to maintenance as originally planned, given the increase in Infrastructure Maintenance Program (IMP) dollars (more details below). The additional \$1M reflects a reasonable assumption that the increase in IMP funds will also reduce the requirement of one-off repair costs in the upcoming year.</p> <p>The remaining \$1M has been carried through to the bottom line. As previously described, this was possible because the institution was well-positioned thanks to the extensive planning and actions previously taken.</p> <p>The \$13M increase in IMP dollars resulted in the following (see table 6 on page 16 of the budget document):</p> <ul style="list-style-type: none"> <li>● An increase of \$13M in Government of Alberta grant revenue with an accompanying \$13M increase in maintenance and repair expenses.</li> <li>● Grant revenue remains at the originally estimated amounts of \$35M for the two out years as the additional funding is considered to be a one-time rather than ongoing increase.</li> </ul> <p>In addition, the Campus Alberta Grant revenues have been updated to reflect the estimates provided by the Government of Alberta subsequent to the release of the budget (table 3 on page 11 of the budget document) for the 2022-23 and 2023-24 fiscal years.</p>
Supplementary Notes and context	<This section is for use by University Governance only to outline governance process.>

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**Engagement and Routing** (Include meeting dates)

<p>Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity)</p> <p>&lt;For information on the protocol see the <a href="#">Governance Resources section Student Participation Protocol</a>&gt;</p>	<p><b><u>Those who are actively participating:</u></b></p> <ul style="list-style-type: none"> <li>● Provost and Vice-President (Academic)</li> <li>● Vice President (University Services and Finance)</li> <li>● Vice President (Facilities &amp; Operations)</li> </ul>
	<p><b><u>Those who have been consulted:</u></b></p> <ul style="list-style-type: none"> <li>● President's Executive Committee - Strategic</li> <li>● Resource Planning</li> </ul>
	<p><b><u>Those who have been informed:</u></b></p> <ul style="list-style-type: none"> <li>●</li> </ul>
<p>Approval Route (Governance) (including meeting dates)</p>	<p>Academic Planning Committee – March 8, 2021 Board Finance and Property Committee (recommendation) – March 9, 2021 Board of Governors (approval) – March 12, 2021</p>

**Strategic Alignment**

<p>Alignment with <i>For the Public Good</i></p>	<p>Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all Albertans.</p> <p>OBJECTIVE: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university's core mission and strategic goals.</p> <p>i. Strategy: Seek and secure resources needed to achieve and support our strategic goals.</p> <p>ii. Strategy: Ensure a sustainable budget model to preserve and enhance our core mission and reputation for excellence in teaching, learning, research, and community engagement.</p>												
<p>Alignment with Institutional Risk Indicator</p>	<p>Please note below the specific institutional risk(s) this proposal is addressing.</p> <table border="0"> <tr> <td><input type="checkbox"/> Enrolment Management</td> <td><input type="checkbox"/> Relationship with Stakeholders</td> </tr> <tr> <td><input type="checkbox"/> Faculty and Staff</td> <td><input type="checkbox"/> Reputation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Funding and Resource Management</td> <td><input type="checkbox"/> Research Enterprise</td> </tr> <tr> <td><input type="checkbox"/> IT Services, Software and Hardware</td> <td><input type="checkbox"/> Safety</td> </tr> <tr> <td><input type="checkbox"/> Leadership and Change</td> <td><input type="checkbox"/> Student Success</td> </tr> <tr> <td><input type="checkbox"/> Physical Infrastructure</td> <td></td> </tr> </table>	<input type="checkbox"/> Enrolment Management	<input type="checkbox"/> Relationship with Stakeholders	<input type="checkbox"/> Faculty and Staff	<input type="checkbox"/> Reputation	<input checked="" type="checkbox"/> Funding and Resource Management	<input type="checkbox"/> Research Enterprise	<input type="checkbox"/> IT Services, Software and Hardware	<input type="checkbox"/> Safety	<input type="checkbox"/> Leadership and Change	<input type="checkbox"/> Student Success	<input type="checkbox"/> Physical Infrastructure	
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<p>Legislative Compliance and jurisdiction</p>	<p><i>Post-Secondary Learning Act</i> BFPC Terms of Reference</p>												

1. University of Alberta 2020-21 Budget (25 pages)
2. Changes to Budget (3 slides)

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# University of Alberta

## 2021-22 Budget



March, 2021

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# 1. Introduction

The University of Alberta's 2021-22 budget was developed during a time of rapid change and increased uncertainty. The emergence of the COVID-19 pandemic at the end of the last fiscal year coupled with large cuts to the provincial government grant meant that the upcoming fiscal year would be unprecedented. To address these challenges, the university launched a major transformation initiative in May 2020 called University of Alberta for Tomorrow (UAT). Through fundamental transformation, our goals are to meet the financial challenge, achieve financial sustainability, position the university for future growth, and become an even stronger driver of economic growth, social change, innovation, and creativity in the province and beyond.

We are doing this by reimagining and restructuring how we organize our academic units and functions, as well as how we provide services across the university, focusing on achieving the savings that are possible with economies of scale, increased levels of specialization and investments in automation. Our short-term financial goal is to reduce our administrative costs through the Service Excellence Transformation (SET), while longer term, our goal is to reinvest in our core mission of teaching, research, and community engagement. On the academic side, through the establishment of three new colleges, which organize 13 faculties into the College of Health Sciences, College of Natural and Applied Sciences, and College of Social Sciences and Humanities, we are building a more collaborative, interdisciplinary, and nimble academy. Maintaining our commitment to accountability and service excellence throughout this transformation will be critical, and we will continually monitor and report on levels of service satisfaction with a clear focus on meeting the needs of all our service users, including faculty, staff and students.

The Government of Alberta released the 2021 provincial budget on February 25, 2021. The University of Alberta's provincial grant (operating) has been decreased by a further 11%, or \$60.1 million in 2021-22. This 11% reduction, combined with cuts in 2019-20 and 2020-21, totals a \$170M reduction in our provincial funding (operating) over the last two and a half years. These cuts also come with the caveat that the institution must handle them in-year as mandated by the Government of Alberta and it is not permitted to post a deficit while managing the cuts as well as any ongoing impacts associated with COVID-19.

## 2. Consolidated Budget

The consolidated budget for the upcoming year, as well as projections for the following two years, are presented below and include all university activities.

**Table 1: Consolidated Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast		Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	872,029	827,563	784,056		739,412	677,204	680,337
Federal and other government grants	213,653	208,037	210,074		202,366	206,815	209,353
Student tuition and fees	362,593	395,417	397,202		424,908	450,332	467,728
Sales of services and products	209,786	216,284	139,424		182,482	205,575	217,335
Donations and other grants	144,367	133,676	114,735		124,361	126,307	128,368
Investment income	52,596	90,519	95,505		91,269	92,918	95,938
<b>Total revenue</b>	<b>1,855,024</b>	<b>1,871,496</b>	<b>1,740,996</b>		<b>1,764,798</b>	<b>1,759,151</b>	<b>1,799,059</b>
<b>Expense</b>							
Salaries	941,083	916,911	898,580		873,496	857,019	859,962
Employee benefits	209,241	198,992	210,204		193,052	178,947	189,433
Materials, supplies and services	279,345	288,450	198,194		239,468	269,377	273,209
Scholarships and bursaries	135,461	134,735	144,606		142,179	145,285	148,461
Maintenance and repairs	100,243	95,881	79,926		103,194	89,040	90,078
Utilities	47,521	51,671	48,124		50,383	52,483	52,519
Amortization of tangible capital assets	182,376	183,871	157,348		159,873	162,127	172,196
<b>Total expense</b>	<b>1,895,270</b>	<b>1,870,511</b>	<b>1,736,982</b>		<b>1,761,645</b>	<b>1,754,278</b>	<b>1,785,858</b>
<b>Annual operating surplus (deficit)</b>	<b>(40,246)</b>	<b>985</b>	<b>4,014</b>		<b>3,153</b>	<b>4,873</b>	<b>13,201</b>

The Government requires that the university has a balanced budget on a consolidated basis for all fiscal years. This requirement is found in legislation. (Post-Secondary Learning Act, Subsection 78(6): "The board of a public post-secondary institution shall not submit a budget in which consolidated operating expense exceeds consolidated operating revenue unless the board has the written approval of the Minister to do so.")

Public Sector Accounting Standards (PSAS) also require a budgeted Statement of Change in Net Financial Assets and a consolidated budget with expenses by function (the above representation is by object). Additionally, the government requires a consolidated Statement of Cash Flows. All of these statements are derived from the figures included in the consolidated budget. All these statements will appear as comparatives in the institution's annual audited financial statements. Please refer to **Appendix A** for this information.

The consolidated budget for the institution includes the Operating, Ancillary, Research, Capital and Special Purpose funds.



- **Operating** relates to the funds within the university's budget that represent the general operations of the institution. The revenue sources support the core teaching activities and the indirect costs of research. The university's budget process focuses on the allocation of these funds.
- **Ancillary** relates to cost recovery operations within the University of Alberta. These units are expected to be stand-alone enterprises that are funded by their own revenues. Major operations include residence and hospitality services, parking services and utilities.
- **Research** includes the annual spending allocation for research-related endowments and other research funding used in the direct pursuit of research endeavors. These are generally subject to restrictions and can only be used for the purposes for which the funds were provided.
- **Capital** includes both restricted and unrestricted funding used for major capital projects and large deferred maintenance projects.
- **Special Purpose** relates primarily to the Academic Medicine and Health Services Program (AMHSP), and the annual spending allocation for undergraduate student awards and non-research-related endowment funds held by the university. The AMHSP is mainly comprised of various specializations including medicine, pediatrics, family medicine and psychiatry.

The following is the 2021-22 consolidated budget segregated into the various funds identified above.

**Table 2: Consolidated Budget by Fund (2021-22)**

(\$000's)	Ancillary				Special	Total
	Operating	Operations	Research	Capital	Purpose	
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	508,235	-	65,094	92,954	73,129	<b>739,412</b>
Federal and other government grants	22,008	-	162,392	17,966	-	<b>202,366</b>
Student tuition and fees	424,354	554	-	-	-	<b>424,908</b>
Sales of services and products	89,700	75,231	17,422	-	129	<b>182,482</b>
Donations and other grants	8,262	-	89,927	23,058	3,114	<b>124,361</b>
Investment income	15,000	513	52,852	-	22,904	<b>91,269</b>
<b>Total revenue</b>	<b>1,067,559</b>	<b>76,298</b>	<b>387,687</b>	<b>133,978</b>	<b>99,276</b>	<b>1,764,798</b>
<b>Expense</b>						
Salaries	645,034	20,232	157,706	-	50,524	<b>873,496</b>
Employee benefits	145,668	5,155	27,964	-	14,265	<b>193,052</b>
Materials, supplies and services	80,352	26,673	110,610	3,693	18,140	<b>239,468</b>
Scholarships and bursaries	45,840	-	84,480	-	11,859	<b>142,179</b>
Maintenance and repairs	33,407	18,731	2,543	48,413	100	<b>103,194</b>
Utilities	46,191	3,713	479	-	-	<b>50,383</b>
Amortization of tangible capital assets	53,026	10,773	-	96,074	-	<b>159,873</b>
<b>Total expense</b>	<b>1,049,518</b>	<b>85,277</b>	<b>383,782</b>	<b>148,180</b>	<b>94,888</b>	<b>1,761,645</b>
<b>Annual operating surplus (deficit)</b>	<b>18,041</b>	<b>(8,979)</b>	<b>3,905</b>	<b>(14,202)</b>	<b>4,388</b>	<b>3,153</b>

An overview for each individual fund follows, including the key assumptions used in the development of the budget and the projections for the following two years.

## 2.1. Operating Budget

The Government of Alberta released the 2021 provincial budget on February 25, 2021. The University of Alberta's provincial grant (operating) has been decreased by a further 11%, or \$60.1 million in 2021-22. This 11% reduction, combined with cuts in 2019-20 and 2020-21, totals a \$170M reduction in our provincial funding (operating) over the last two and a half years. These cuts also come with the caveat that the institution must handle them in-year as mandated by the Government of Alberta and it is not permitted to post a deficit while managing these two extremely challenging factors.

This is in addition to the impacts of COVID-19 and the ongoing campus closure. The budget was developed with the expectation that the campus would remain relatively closed for the spring and summer months with a gradual reopening in the fall. This was done with the best information available at the time given the evolving nature of the situation. The expectation is that by the beginning of the 2022-2023 fiscal year, the pandemic will have subsided and operations will resume; however, it is uncertain what normal operations will truly look like after this event.

In order to address the continued and expected cuts, the UAT initiative commenced in earnest during the fiscal year with the intention to address the cuts through four major areas:

- Administrative savings (SET) through the development of a more centralized model using service partners, centers of expertise and processing hubs
- Procurement savings through outsourcing opportunities, supply management system enhancements and a reduction in purchasing levels
- Space and facilities savings through the Integrated Asset Management Strategy
- Academic restructuring through achieving economies of scale by providing services through larger academic units.

This also marks a new proactive approach to managing budget reductions. Rather than reacting to cuts in a distributed way after they have occurred, through UAT and SET, the institution is taking action now to address anticipated reductions in the year ahead and through pan-institutional actions. The approach next year will be similar; 2021-22 budget planning reflects the intention to address the cuts anticipated in 2022-23 during the latter half of 2021-22. Given that the largest expenditure for the institution remains salaries and benefits, the need for further savings will result in job losses.

While the overall impacts to the institution involve a number of one-time factors, the overall ongoing impact of the cuts amount to \$34 million. This is composed of the following:

- The \$60M reduction to the Campus Alberta Grant (section 2.1.1.1)
- The \$5M reduction to investment income (section 2.1.1.4)
- The above items are offset by the overall increase in tuition budget by approximately \$29M in comparison to the 2020-21 fiscal year and a reduction of \$2M in the amount of funding required to cover institutional utility costs as well as associated capital / maintenance requirements.

These cuts are being addressed by the SET process and amount to cuts averaging 3% to the faculties and 7% to the administrative units. While these may seem modest, consider that they are on top of 8.3% cuts to the faculties and 12.8% to the administrative portfolios in the previous fiscal year.

## Operating Revenues

### 2.1.1.1. Government of Alberta Grants

As noted in the introduction, the institution received an 11% grant cut in 2021-22 which amounts to \$60 million.

### 2.1.1.2. Federal and Other Government Grants

The largest component of this category relates to the Federal Research Support Fund provided to the institution in order to support research grants provided by the Tri-Council agencies. The amount budgeted for the 2021-22 fiscal year is consistent with the amount forecast for 2020-21 at \$18 million.

### 2.1.1.3. Student Tuition and Fees

The budget incorporates enrollment remaining at the same level as 2020-21. Student numbers for 2020-21 are 33,186 and 8,202 for undergraduate and graduate students respectively (headcount basis). This is the highest enrollment ever experienced at the University of Alberta. The budget incorporates holding that level of enrolment for 2021-22, as well as in the two subsequent years. While the institution does see increased enrolment as a potential opportunity, it still approaches the budget with caution recognizing that the current year represents record enrolment and the unpredictable nature of the potential impacts of COVID-19. This especially holds true for international students and there is no expectation of increase in their enrolment levels due to the impact of travel restrictions and softening demand from certain international markets.

Further details on the tuition increases are presented below for both undergraduate and graduate students for the 2021-22 fiscal year. These proposed rates are based on the second year implementation of the four-year plan developed last year.

#### Undergraduate

Tuition for both incoming and continuing domestic students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is suggested to be applied for the 2022-23 fiscal year, with an expected rate increase equal to projected CPI for 2023-24.

New undergraduate international students will continue to be provided a fixed annual tuition fee based on the assumption of a full course load for their four-year academic career. These students are permitted five years to take the courses without the payment of additional tuition. This tuition methodology is consistent with the government's revision of the Alberta Tuition Framework in February 2020, which requires us to provide international students with more certainty in the cost of their education. These rates are projected to increase for the outlying years by an amount commensurate with the university's expected inflationary cost increases.

Existing undergraduate international students are excluded from the program-based tuition model. For these students, the tuition increase is 4% for all years shown.

The current financial support set aside for both incoming and continuing international students will remain at 7.55% of total international student tuition. This model has been in place since the inception of international tuition differentials at the institution.

#### Graduate

Tuition for incoming domestic graduate (thesis-based) students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is intended to be applied for the 2022-23 fiscal year, with a rate increase equal to projected CPI for 2023-24.

Tuition for domestic graduate (thesis-based) students reflects a 7% increase with a built-in rebate for those admitted prior to Fall 2020 to reduce the overall increase to 2.67% (representing the overall increase in university specific cost drivers). This rebate would be in place for the next three years.

Tuition for both incoming and continuing domestic graduate (course-based) students reflects a 7% increase with an offset of 15% of the increase to be dedicated to student financial support. The same increase is intended to be applied for the 2022-23 fiscal year, with a rate increase equal to projected Alberta CPI for 2023-24.

Tuition for continuing international graduate (course-based) students reflects a 4% increase for all three fiscal years.

Tuition for continuing international graduate (thesis-based) students reflects a 7% increase with a built-in rebate to reduce the overall increase to 2.67% (as described above).

Effective Fall 2020, new international graduate students will be provided a fixed annual tuition fee for four (Masters) and six (PhD) years in order to finish their program. This

tuition methodology was developed in response to the government's recent Tuition Fee Regulation, which required us to provide international students with more upfront certainty in the cost of their education.

The current financial support offset for both incoming and continuing international students will remain at the current level of 7.55% of international student tuition. This model has been in place since the inception of international tuition differentials at the institution.

#### Mandatory Non-Instructional Fees

The following increases to be implemented for 2021-22 will be in place for mandatory non-instructional fees:

- An increase of 1.6% to the Student Health and Wellness fee, Student Academic Support fee and the Athletics and Recreation fee.
- An additional \$3 to the Student Health and Wellness fee for the fall and winter semesters (\$1.50 per student per semester) to fund a sexual violence prevention and coordination function.

#### 2.1.1.4. Investment Income

The investment income projections in each of the following three years have been set at \$15 million. This was reduced from the previous year amount of \$20 million as the increase for last fiscal year was only intended to be temporary as the University continues to reduce its reliance on investment income to fund ongoing expenditures.

#### 2.1.1.5. All Other Sources of Revenues

These revenue streams are budgeted with an increase comparable to Alberta CPI for the year and consideration for the gradual re-opening of campus throughout the next fiscal year which results in increased sales activity as compared to the current fiscal year. It should be noted that these revenues have been impacted by the campus closure in the current year and are expected to rebound partially in 2021-22 and return to normal in 2022-23.

### 2.1.1. Operating Expenditures

Operating expenditures are developed with the consideration of the cuts to be implemented through UAT along with the assumption of a gradual re-opening of the campus with the expectation that the current largely remote work and learning environment will continue for the spring and summer months due to the ongoing COVID-19 pandemic.

### 2.1.3.1. Compensation

Salaries are expected to decrease year over year reflecting two significant factors:

- Merit pay is expected to increase salaries for existing staff
- This is more than offset by the impact of staffing reductions required to manage the grant reductions.

Benefit costs are expected to increase at a rate of 2.3%, but this will be more than offset by the impact of reduced staffing levels.

We are projecting approximately 400 job losses in 2020-21 (this is in addition to the approximately 400 job losses in 2019-20) with the expectation that an additional 400 job losses will be required in 2021-22 in anticipation of the expected budgetary cuts in the next fiscal year. Please note that these figures are exclusive of any potential reductions in staffing levels as a result of the campus closure in the current fiscal year.

### 2.1.2. Overall Budget Planning Assumptions

The above discussion provides insights into the assumptions and planning parameters used to develop the operating budget for the next fiscal year. The table below provides a summary of these, along with the similar figures used for the following two years.

<b>Revenue</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Operating Grant	-11.0%	-11.0%	0.3%
Domestic Tuition	7%	7%	2%
Financial aid (holdback of increased domestic tuition dollars)	15%	15%	15%
International Tuition (Existing students)	4%	4%	4%
International Tuition (Program-based)	0%	2%	2%
Financial aid (holdback of international total tuition to be used for student support)	7.55%	7.55%	7.55%
Mandatory Non- Instructional Fees	1.6%	2%	2%

Investment Income	\$15 million	\$15 million	\$15 million
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<b>Expenditures</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
ATB (NASA & AASUA)	TBN	TBN	TBN
Merit (NASA, based on one-step merit) *	0.8%	0.8%	0.8%
Merit (AASUA, based on one-step merit)*	1.2%	1.2%	1.2%
Employee Benefits *	2.3%	2.4%	2.2%
Other Costs**	1.70%	2.20%	2.00%

\* Average per employee across all groups

\*\* Non-salary costs such as materials, supplies, etc.

TBN: To be negotiated

Another key consideration in developing the institutional budget is the underlying sensitivities concerning major revenue sources and expenditure types. The following represent the key sensitivities.

<b>Sensitivity of a 1% Change in 2021-22</b>	<b>Amount (\$millions)</b>
Operating Grant	\$5.5
Undergraduate enrolment	\$2.9
Domestic Tuition Rates	\$2.0
International Tuition Rates	\$1.1
Mandatory Non-Instructional Fees	\$0.3
Investment Income	\$0.2
AASUA Salaries	\$4.0
NASA Salaries	\$2.0
Excluded Salaries	\$0.5
Benefits	\$1.5

Utilities	\$0.5
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The table below provides an overall outline of the following in relation to the operating budget:

- Actual results for the year ending March 31, 2020
- Budget and forecast for the year ending March 31, 2021
- Budget for the year ending March 31, 2022
- Projections for the years ending March 31, 2023 and March 31, 2024

**Table 3: Operating Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	635,292	568,703	568,405	508,235	454,388	455,487
Federal and other government grants	21,679	21,159	21,640	22,008	22,492	22,942
Student tuition and fees	362,593	395,417	397,202	424,354	449,767	467,152
Sales of services and products	99,680	103,944	76,916	89,700	92,674	94,508
Donations and other grants	10,555	10,622	7,040	8,262	8,444	8,612
Investment income	16,012	20,000	20,000	15,000	15,000	15,000
<b>Total revenue</b>	<b>1,145,811</b>	<b>1,119,845</b>	<b>1,091,203</b>	<b>1,067,559</b>	<b>1,042,765</b>	<b>1,063,701</b>
<b>Expense</b>						
Salaries	704,886	681,341	664,774	645,034	635,673	638,501
Employee benefits	163,896	152,464	165,336	145,668	132,689	143,048
Materials, supplies and services	109,301	103,454	50,833	80,352	87,612	88,301
Scholarships and bursaries	42,194	45,977	42,937	45,840	46,849	47,786
Maintenance and repairs	39,719	30,812	30,667	33,407	34,231	34,995
Utilities	41,362	45,221	42,715	46,191	48,206	48,156
Amortization of tangible capital assets	55,070	53,435	50,582	53,026	57,335	61,956
<b>Total expense</b>	<b>1,156,428</b>	<b>1,112,704</b>	<b>1,047,844</b>	<b>1,049,518</b>	<b>1,042,595</b>	<b>1,062,743</b>
<b>Annual operating surplus (deficit)</b>	<b>(10,617)</b>	<b>7,141</b>	<b>43,359</b>	<b>18,041</b>	<b>170</b>	<b>958</b>



## 2.2. Ancillary Enterprises

Ancillary enterprises at the University of Alberta include the following units:

- Augustana Ancillary Services – residences, residence dining, retail dining, and parking
- Campus Services
  - Glen Sather Sports Medicine Clinic
  - Parking operations
  - Residence and dining services on North Campus and Campus Saint-Jean
  - Retail dining on all Edmonton campuses
  - Technology Training Centre
  - University Bookstore
  - University Health Centre Pharmacy
- Commercial property and real estate
- District Energy System (serves the U of A [North Campus], Alberta Health Services, the Government of Alberta, and other proximate customers)

Ancillary enterprises are stand-alone units funded by self-generated revenues, meaning each is expected to cover operating costs as well as establish appropriate and adequate operating and capital reserves. To the extent that debt financing may be utilized for capital enhancements or to address deferred maintenance, revenues must also cover the cost of repayment together with the applicable interest. The university is evaluating the degree to which any of these enterprises (e.g. commercial real estate and parking services) may be able to make net contributions to the broader operating budget. This involves a focused review of each service as well as moving towards the provision of some administrative services as envisioned in the UAT initiative.

COVID-19 has significantly curtailed the revenue streams of units relying heavily on an in-person experience. For example, in 2020-21, residence occupancy rates plummeted from over 80% to 24% and parking revenues were only 40% of a typical year. While immediate measures such as temporary layoffs were taken to reduce expenditures, the financial impact was substantial.

In 2021-22, Campus Services' fiscal outlook is predominantly driven by the return of greater numbers of people to campus for the 2021-22 academic year and augmented by targeted rate increases:

- A proposed 5% increase to all residence rates. This is the third year of three years of such increases originally presented in 2018. This increase comes with a commitment to return to increases more closely aligned with the consumer price index in the medium term.
- A proposed 2% increase to meal plan rates. However, with the elimination of the \$300 flex requirement, students in Lister and Peter Lougheed Hall will actually see a decrease in rates relative to last year.
- Permitted parking rates will increase by 1.7%.

Of particular note, rate increases in the residence system reflect the fact that, for many years, efforts were made to keep student costs as low as possible, which was reflected in the rates charged to students living in residences. Unfortunately, the resulting revenues were not sufficient to cover the system’s operating costs while still allowing for adequate investments in maintenance and renewal activities. As a result, the entire University of Alberta residence system has accumulated a significant deferred maintenance liability of approximately \$68.7 million. Additionally, insufficient operating and capital reserves have necessitated that new residence construction and major refurbishments be mostly debt-financed.

Despite the financial challenges present in our residence and dining operations, we continue to invest in infrastructure to ensure our residences and food service outlets meet the needs of our students, faculty, staff, and visitors. Although last year we deferred an annual \$2 million investment in the HUB residence, this critical work will proceed in 2021-22. The following renewal projects are in varying states of progress to, above all, improve our students’ experience:

	<b>2021-22 Budget (\$000's)</b>	<b>2022-23 Projection (\$000's)</b>	<b>2023-24 Projection (\$000's)</b>
<b>Lister Complex</b>	32,072	7,750	
<b>HUB Residences</b>	2,000	2,000	4,067

*The Lister project was approved in May of 2018 and the improvements in HUB have been ongoing for the past 5 years.*

As mentioned above, many projects, some dating back years, have been debt-financed because insufficient capital reserves were in place to allow acquisitions, new construction, or renovations to proceed otherwise. As of December 2020, the residence system is carrying \$220 million in mortgage debt with terms extending to 2049.

Significant efforts are underway to reduce costs across the residence system and strategically shed residence inventory that is incapable of meeting today’s students’ expectations. While the numbers look unfavourable for the near term, the trajectory remains positive with the expectation that losses will cease by 2023-24.

**Table 4: Ancillary Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	-	-	-	-	-	-	-
Federal and other government grants	-	-	-	-	-	-	-
Student tuition and fees	-	-	-	-	554	565	576
Sales of services and products	90,280	94,944	45,783	75,231	75,231	95,350	105,276
Donations and other grants	1	-	-	-	-	-	-
Investment income	1,465	1,276	1,400	513	513	25	15
<b>Total revenue</b>	<b>91,746</b>	<b>96,220</b>	<b>47,183</b>	<b>76,298</b>	<b>76,298</b>	<b>95,940</b>	<b>105,867</b>
<b>Expense</b>							
Salaries	20,190	21,106	16,247	20,232	20,232	20,951	20,994
Employee benefits	4,535	5,127	3,946	5,155	5,155	5,422	5,543
Materials, supplies and services	19,515	25,869	19,541	26,673	26,673	30,850	30,615
Scholarships and bursaries	-	1	-	-	-	-	-
Maintenance and repairs	19,719	25,377	14,622	18,731	18,731	21,787	21,898
Utilities	5,670	6,090	5,019	3,713	3,713	3,788	3,864
Amortization of tangible capital assets	11,478	15,742	10,915	10,773	10,773	12,171	13,130
<b>Total expense</b>	<b>81,107</b>	<b>99,312</b>	<b>70,290</b>	<b>85,277</b>	<b>85,277</b>	<b>94,969</b>	<b>96,044</b>
<b>Annual operating surplus (deficit)</b>	<b>10,639</b>	<b>(3,092)</b>	<b>(23,107)</b>	<b>(8,979)</b>	<b>(8,979)</b>	<b>971</b>	<b>9,823</b>

## 2.3. Research

Research revenues at the University of Alberta come from five major sources:

- Government of Alberta grants from a number of Ministries (Jobs, Economy and Innovation, and Alberta Innovates)
- Federal government grants including those provided by the Tri-Council Agencies
- Fee-for-service research activities for outside entities
- Donations and nongovernmental grants
- The endowment spending allocation resulting from research-related endowments

In the current year, the full campus closure during the spring and summer coupled with travel restrictions and restrictions on lab occupancy had a particular impact on research activity. It led to a reduced level of spending on materials, supplies and services thereby reducing the amount of restricted research revenues recognized. It is expected that as restrictions slowly ease up over the next 12 months that research activity will also rebound. The decline in salaries over the fiscal years is driven primarily by reductions in provincial research funding (Jobs, Economy and Innovation, and Alberta Innovates) that occurred in the previous year and is expected to continue over all three budget years.

**Table 5: Research Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20		2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	76,134	80,960	60,842		65,094	66,943	67,443
Federal and other government grants	172,047	167,609	171,948		162,392	167,003	168,251
Student tuition and fees	-	-	-		-	-	-
Sales of services and products	19,650	17,271	16,705		17,422	17,422	17,422
Donations and other grants	99,001	93,312	79,395		89,927	92,378	93,041
Investment income	25,369	48,279	51,460		52,852	54,337	56,443
<b>Total revenue</b>	<b>392,201</b>	<b>407,431</b>	<b>380,350</b>		<b>387,687</b>	<b>398,083</b>	<b>402,600</b>
<b>Expense</b>							
Salaries	162,584	163,588	163,694		157,706	149,820	149,820
Employee benefits	28,829	27,472	28,951		27,964	26,566	26,566
Materials, supplies and services	131,473	131,409	103,236		110,610	129,992	132,591
Scholarships and bursaries	78,135	76,940	84,669		84,480	86,170	87,893
Maintenance and repairs	3,426	4,398	1,587		2,543	2,671	2,724
Utilities	489	360	390		479	489	499
Amortization of tangible capital assets	-	-	-		-	-	-
<b>Total expense</b>	<b>404,936</b>	<b>404,167</b>	<b>382,527</b>		<b>383,782</b>	<b>395,708</b>	<b>400,093</b>
<b>Annual operating surplus (deficit)</b>	<b>(12,735)</b>	<b>3,264</b>	<b>(2,177)</b>		<b>3,905</b>	<b>2,375</b>	<b>2,507</b>

## 2.4. Capital

### 2.4.1. Capital Investments

While there are capital items purchased or funded with operating and other funds (such as learning materials, IT equipment, and certain research focused and renovation projects), the capital budget also incorporates building construction projects and larger scale renewal and maintenance projects and equipment.

Throughout this section, it is important to note that the capital plan and the resulting capital budget are developed as “point-in-time” items. Due to the unpredictable nature with which capital construction and maintenance activities occur (e.g. impacts due to COVID-19 or unpredictability in government grants and approvals or philanthropic gifts), capital projects may be added or the scope changed throughout the year. All material changes, regardless of when they occur, remain subject to the institution’s normal governance and approval processes.

The capital budget included within the University of Alberta’s consolidated budget is subject to complex financial accounting requirements. The figures throughout the capital budget have been restated for the purposes of being presented within the institution’s audited financial statements.

## 2.4.2. Capital Plan Development

The university is required to develop an annual capital and maintenance plan and, further, identify its capital requirements in a submission to the Government of Alberta through the Building and Land Inventory System (BLIMS). Recent submissions, the latest submitted in July 2020, included a number of priorities with a particular focus on renewing and refurbishing existing buildings. The following capital budget is reflective of the information contained within the capital plan and that which is contained within the BLIMS submission.

## 2.4.3. Capital Budget

**Table 6: Capital Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	84,278	100,302	79,748	92,954	83,047	84,780
Federal and other government grants	19,927	19,269	16,486	17,966	17,320	18,160
Student tuition and fees	-	-	-	-	-	-
Sales of services and products	-	-	-	-	-	-
Donations and other grants	29,198	27,182	23,613	23,058	22,229	23,306
Investment income	1,786	-	-	-	-	-
<b>Total revenue</b>	<b>135,189</b>	<b>146,753</b>	<b>119,847</b>	<b>133,978</b>	<b>122,596</b>	<b>126,246</b>
<b>Expense</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Materials, supplies and services	2,555	6,871	9,881	3,693	2,653	3,250
Scholarships and bursaries	-	-	-	-	-	-
Maintenance and repairs	37,347	35,176	33,000	48,413	30,250	30,358
Utilities	-	-	-	-	-	-
Amortization of tangible capital assets	115,828	114,694	95,851	96,074	92,621	97,110
<b>Total expense</b>	<b>155,730</b>	<b>156,741</b>	<b>138,732</b>	<b>148,180</b>	<b>125,524</b>	<b>130,718</b>
<b>Annual operating surplus (deficit)</b>	<b>(20,541)</b>	<b>(9,988)</b>	<b>(18,885)</b>	<b>(14,202)</b>	<b>(2,928)</b>	<b>(4,472)</b>

As part of Government of Alberta grants, the University of Alberta is set to receive \$48 million in Infrastructure Maintenance Program (IMP) funding, also known as Capital Maintenance and Renewal (CMR) funding in fiscal year 2021-22. Under the previous Infrastructure Maintenance Program, the University of Alberta received \$34.9 million in 2020-21. The increase in funding is intended to stimulate job growth and support Alberta's economy. However, the expectation is that funding levels revert to 2020-21 levels or lower in 2022-23 and 2023-24 given the forecasted allocation to the sector in Budget 2021.

Due to the nature of Public Sector Accounting Standards that govern our audited financial statements, we have the added complexity of revenue deferrals. In essence, a large portion of the revenue in the capital fund cannot be recognized until the underlying expenses (predominantly amortization of tangible

capital assets) have been incurred. In order to remove this impact, the following four tables provide a view of the capital budget for next year on a “near cash” basis.

**Capital budget - revenue**

Historically, Government of Alberta grants have provided targeted funding for multi-year capital projects (e.g., the Dentistry/Pharmacy Renewal). The Infrastructure Maintenance Program (to be replaced with the Capital Maintenance and Renewal Program) provided the university with a relatively stable \$34.9 million annually (except in 2019-20 when it was reduced to zero) to address critical maintenance needs across the institution, principally by reducing our significant deferred maintenance liability. The following table provides an outline of revenue on a cash basis.

Please note that the following table shows when the revenue will be received by the institution whereas subsequent tables outline when the funds will be either spent (tables 8 and 9) or the resulting asset is capitalized (table 10).

**Table 7: Capital Budget Revenues (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Revenue</b>			
(\$000's)	2021-22	2022-23	2023-24
	Budget	Projection	Projection
<b>Provincial Government Grants</b>			
Capital Maintenance Renewal (CMR) / Infrastructure Maintenance Program (IMP)	47,956	34,914	34,914
Dentistry/Pharmacy Renewal	44,000	56,000	-
UA District Energy System (DES)	1,900	-	-
<b>Subtotal</b>	<b>93,856</b>	<b>90,914</b>	<b>34,914</b>
Other Projects	-	-	-
<b>Total revenue</b>	<b>93,856</b>	<b>90,914</b>	<b>34,914</b>

**Capital budget - materials, supplies and services**

These are expenditures related to projects across campus. These costs are expensed as they do not extend the useful life of the buildings.

The following table outlines materials, supplies and services to be used within the capital fund.

**Table 8: Capital Budget Materials, Supplies and Services (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Materials, Supplies and Services (MSS)</b>			
<b>(\$000's)</b>			
<b>Project</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
UA District Energy System (DES)	2,475	2,653	3,250
<b>Subtotal</b>	<b>2,475</b>	<b>2,653</b>	<b>3,250</b>
Other MSS	1,218	-	-
<b>Total materials, supplies and services</b>	<b>3,693</b>	<b>2,653</b>	<b>3,250</b>

**Capital budget - maintenance and repairs**

These are expenditures related to addressing major maintenance and renewal projects and/or deferred maintenance across campus. These costs are expensed as they do not extend the useful life of the buildings.

The following table outlines maintenance and repair projects planned within the capital fund.

**Table 9: Capital Budget Maintenance and Repairs (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Maintenance and Repairs</b>			
<b>(\$000's)</b>			
<b>Project</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
Michener Park Demo	5,000	500	-
John Scott Library	2,750	3,530	-
CAB Renewal - Phase 2	2,355	-	-
HUB Mall Residence Renewal	2,000	2,000	4,067
<b>Subtotal</b>	<b>12,105</b>	<b>6,030</b>	<b>4,067</b>
Other Maintenance	4,378	-	-
CMR / IMP Maintenance*	31,930	24,220	26,291
<b>Total maintenance and repairs</b>	<b>48,413</b>	<b>30,250</b>	<b>30,358</b>

*\* Remaining CMR / IMP projects listed in lines above and/or in TCA*

**Capital budget - tangible capital acquisitions**

Major renewal projects often involve both repairs and maintenance in addition to capital additions and/or overall building improvements. The following capital projects represent capital additions to buildings as defined by accounting standards. In this case, the expenditures do not appear on the

Statement of Operations; rather they are captured as investments in tangible capital assets on the university's Statement of Financial Position.

**Table 10: Capital Budget Tangible Capital Acquisitions (2021-22, 2022-23, 2023-24)**

<b>Capital Budget: Tangible Capital Acquisitions</b>			
<b>(\$000's)</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Project</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
Dentistry Pharmacy Renewal & Repurpose	47,450	55,625	79,130
Lister Centre Classic Towers - Kelsey Hall	19,000	7,750	-
Lister Centre Classic Towers - Henday Hall	13,072	-	-
Brain & Aging Research Building	8,000	1,070	-
Morrison Structures Lab	7,500	1,367	-
Enterprise Square- UAT- HUB	7,500	-	-
Tory - Mechanical Piping System Renewal	4,850	2,115	-
Diwan Pavilion	4,713	-	-
Outdoor Tennis Courts Relocation	4,500	-	-
Education Electrical Distribution Upgrade	2,754	2,750	-
Envision Year 4	2,500	792	-
UA District Energy System (DES)	2,475	2,653	3,250
Fine Arts Building Mechanical and Electrical Renewal	2,245	-	-
Education UAT	-	3,000	-
<b>Subtotal</b>	<b>126,559</b>	<b>77,122</b>	<b>82,380</b>
Other Capital Projects	6,385	1,750	-
CMR / IMP Capital*	6,195	7,944	8,623
<b>Total tangible capital acquisitions</b>	<b>139,139</b>	<b>86,816</b>	<b>91,003</b>
<i>* Remaining CMR / IMP projects listed in lines above and/or in TCA</i>			
<b>Tangible Capital Acquisitions</b>			
<b>Operating</b>			
<b>(\$000's)</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Project</b>	<b>Budget</b>	<b>Projection</b>	<b>Projection</b>
<b>Total operating tangible capital acquisitions</b>	<b>40</b>	<b>1,100</b>	<b>1,122</b>
<b>Total tangible capital acquisitions</b>	<b>139,179</b>	<b>87,916</b>	<b>92,125</b>

#### 2.4.4. Deferred Maintenance

Excellence in teaching and research needs to be supported by well-functioning labs, classrooms, and other building infrastructure. Unfortunately, government grants alone have been insufficient in addressing the necessary maintenance activities across our campuses, which has resulted in a



substantial deferred maintenance liability. As of December 31, 2020, the deferred maintenance liability stands at \$385 million, with a five-year projected aggregate liability of \$1.04 billion.

Need that exceeds available resources requires diligent adherence to a system of prioritizing projects. Relying on Government of Alberta parameters, the priorities are:

- **High – Life, Health, and Safety:** Elements presenting a potential for imminent risk to the life, health, and/or safety of facility occupants and users. They may include structural and support failure, major building system failures, or requirements under a multitude of Codes.
- **Medium – Immediate Needs:** Elements demanding attention to prevent them escalating to Priority One, which will lead to serious or prolonged deterioration of a facility or its systems thereby affecting the operability of a facility or its systems.
- **Low – General Need:** Elements that are non-urgent and which can be planned for over a period of time without undue risk to the facility occupants or facility operability.

Current and projected funding levels require investments in addressing deferred maintenance at the University of Alberta to be limited almost exclusively to those deemed “high” priority.

## 2.5.Special Purpose

There are no expected significant changes impacting these funds over the next three years aside from the expectation that spending on materials, supplies and services is expected to rebound (current year spending impacted by campus closure). Overall revenues and expenses are expected to remain relatively stable.

**Table 11: Special Purpose Budget (2021-22, 2022-23, 2023-24)**

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	76,325	77,598	75,061	73,129	72,826	72,627
Federal and other government grants	-	-	-	-	-	-
Student tuition and fees	-	-	-	-	-	-
Sales of services and products	176	125	20	129	129	129
Donations and other grants	5,612	2,560	4,687	3,114	3,256	3,409
Investment income	7,964	20,964	22,645	22,904	23,556	24,480
<b>Total revenue</b>	<b>90,077</b>	<b>101,247</b>	<b>102,413</b>	<b>99,276</b>	<b>99,767</b>	<b>100,645</b>
<b>Expense</b>						
Salaries	53,423	50,876	53,865	50,524	50,575	50,647
Employee benefits	11,981	13,929	11,971	14,265	14,270	14,276
Materials, supplies and services	16,501	20,847	14,703	18,140	18,270	18,452
Scholarships and bursaries	15,132	11,817	17,000	11,859	12,266	12,782
Maintenance and repairs	32	118	50	100	101	103
Utilities	-	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-	-
<b>Total expense</b>	<b>97,069</b>	<b>97,587</b>	<b>97,589</b>	<b>94,888</b>	<b>95,482</b>	<b>96,260</b>
<b>Annual operating surplus (deficit)</b>	<b>(6,992)</b>	<b>3,660</b>	<b>4,824</b>	<b>4,388</b>	<b>4,285</b>	<b>4,385</b>

### 3. Concluding Comments

This is a challenging time for the University of Alberta as we respond to a much lower level of government support while dealing with the unique impacts of the COVID-19 pandemic and related campus closure. We continue to live in a time of unprecedented change and uncertainty. The pandemic has the potential to change our planning parameters and assumptions significantly over the coming weeks and months. This budget has been developed with reasonable assumptions and we will proceed forward both on a note of caution and prudence and with a commitment to continued innovation and quality.

#### 4. Appendix A: Supplemental financial information

##### Budgeted Consolidated Statement of Operations with expenses by function

(\$000's)	2019-20	2020-21		2021-22	2022-23	2023-24
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	872,029	827,563	784,056	739,412	677,204	680,337
Federal and other government grants	213,653	208,037	210,074	202,366	206,815	209,353
Student tuition and fees	362,593	395,417	397,202	424,908	450,332	467,728
Sales of services and products	209,786	216,284	139,424	182,482	205,575	217,335
Donations and other grants	144,367	133,676	114,735	124,361	126,307	128,368
Investment income	52,596	90,519	95,505	91,269	92,918	95,938
<b>Total revenue</b>	<b>1,855,024</b>	<b>1,871,496</b>	<b>1,740,996</b>	<b>1,764,798</b>	<b>1,759,151</b>	<b>1,799,059</b>
<b>Expense by function</b>						
Academic costs and institutional support	1,100,086	1,040,163	977,273	977,945	969,276	992,305
Research	471,604	478,245	453,511	454,099	462,535	468,119
Facility operations and maintenance	142,927	151,877	136,110	147,304	130,073	131,142
Special purpose	99,546	100,914	99,798	97,020	97,425	98,248
Ancillary services	81,107	99,312	70,290	85,277	94,969	96,044
<b>Total expense</b>	<b>1,895,270</b>	<b>1,870,511</b>	<b>1,736,982</b>	<b>1,761,645</b>	<b>1,754,278</b>	<b>1,785,858</b>
<b>Annual operating surplus (deficit)</b>	<b>(40,246)</b>	<b>985</b>	<b>4,014</b>	<b>3,153</b>	<b>4,873</b>	<b>13,201</b>

Please note that the groupings used for Special Purpose and Research are slightly different than those used for the development of the overall budget. In particular, special purpose includes the attribution of amortization in this presentation where it does not in the tables above. Research in this context also includes costs related to the administration of research and costs related to graduate studies.

## Budgeted Consolidated Statement of Cash Flows

(\$000's)	2019-20		2020-21		2021-22
	Actual	Budget	Forecast	Budget	Budget
<b>Operating Transactions</b>					
Annual (deficit) surplus	(14,656)	985	4,014		3,153
Add (deduct) non-cash items:					
Amortization of tangible capital assets	182,376	183,871	157,348		159,873
Expended capital recognized as revenue	(115,828)	(114,694)	(95,851)		(96,074)
(Gain) loss on sale of portfolio investments	20,309	(85,176)	(95,435)		(90,626)
(Gain) loss on disposal of tangible capital assets	1,967	-	-		-
Increase (decrease) in employee future benefit liabilities	1,283	924	14,548		(2,223)
Change in non-cash items	90,107	(15,075)	(19,390)		(29,050)
(Increase) decrease in accounts receivable	(341)	(2,964)	(2,472)		(3,254)
(Increase) decrease in inventories held for sale	139	(44)	(34)		(45)
Increase (decrease) in accounts payable and accrued liabilities	17,177	3,522	3,208		4,222
Increase (decrease) in deferred revenue	(9,016)	(29,589)	133,371		8,845
(Increase) decrease in prepaid expenses	(1,169)	(166)	(158)		(208)
<b>Cash provided by (applied to) operating transactions</b>	<b>82,241</b>	<b>(43,331)</b>	<b>118,539</b>		<b>(16,337)</b>
<b>Capital Transactions</b>					
Acquisition of tangible capital assets	(149,855)	(225,201)	(161,059)		(202,612)
<b>Cash applied to capital transactions</b>	<b>(149,855)</b>	<b>(225,201)</b>	<b>(161,059)</b>		<b>(202,612)</b>
<b>Investing Transactions</b>					
(Purchases) of portfolio investments, net of sales	(5,011)	160,900	(46,284)		100,613
<b>Cash provided by (applied to) investing transactions</b>	<b>(5,011)</b>	<b>160,900</b>	<b>(46,284)</b>		<b>100,613</b>
<b>Financing Transactions</b>					
Debt - new financing, net of (debt repayment)	67,753	(16,051)	(17,466)		(17,336)
Increase in spent deferred capital contributions	60,634	119,244	64,305		105,093
<b>Cash provided by financing transactions</b>	<b>128,387</b>	<b>103,193</b>	<b>46,839</b>		<b>87,757</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>55,762</b>	<b>(4,439)</b>	<b>(41,965)</b>		<b>(30,579)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>19,581</b>	<b>29,442</b>	<b>75,343</b>		<b>33,378</b>
<b>Cash and cash equivalents, end of year</b>	<b>75,343</b>	<b>25,003</b>	<b>33,378</b>		<b>2,799</b>

## Budgeted Consolidated Statement of Changes in Net Financial Assets

(\$000's)	2019-20	2020-21		2021-22
	Actual	Budget	Forecast	Budget
Annual (deficit) surplus	(14,656)	985	4,014	3,153
Acquisition of tangible capital assets	(157,333)	(225,201)	(161,059)	(202,612)
Amortization of tangible capital assets	182,376	183,871	157,348	159,873
Loss on disposal of tangible capital assets	1,967	-	-	-
Change in prepaid expenses	(1,169)	(166)	(158)	(208)
Change in spent deferred capital contributions	(47,716)	4,550	(31,546)	9,019
Change in accumulated remeasurement gains	(182,010)	58,788	144,905	55,539
<b>Increase (decrease) in net financial assets</b>	<b>(218,541)</b>	<b>22,827</b>	<b>113,504</b>	<b>24,764</b>
<b>Net financial assets, beginning of year</b>	<b>1,334,493</b>	<b>1,296,259</b>	<b>1,115,952</b>	<b>1,229,456</b>
<b>Net financial assets, end of year</b>	<b>1,115,952</b>	<b>1,319,086</b>	<b>1,229,456</b>	<b>1,254,220</b>



# University of Alberta 2021-22 Budget

Academic Planning Committee - March 8, 2021

## Provincial Budget (tabled on Feb 25, 2021)

- As you are aware, the University of Alberta 2021-22 budget had been developed based on an extremely challenging 9.7% cut, or \$53M.
- The provincial budget imposed an even larger cut to the University of Alberta's share of the Campus Alberta Grant: \$60M (or 11%).
- This is \$7M more than originally anticipated, and it comes on top of a \$110M cut in the past 2 years.
- It is only due to the transformative work that the institution is undertaking through the University of Alberta for Tomorrow initiative that we can see a path to manage these unprecedented cuts.
- On a positive note, the provincial budget did provide an increase of \$13M to the Infrastructure Maintenance Program grant. While restricted, it will assist in addressing deferred maintenance needs.

## Changes to the UofA 2021-22 Budget

- Changes to the University of Alberta Budget as previously presented are not as drastic due to the foresight and conservative approach to its development.
- Table 3 on page 11 of the budget document shows, in addition to the \$7M decrease in GoA revenue:
  - A reduction in the maintenance and repairs costs by \$3M.
  - A reduction in materials, supplies and services costs by \$3M.
- This is due to no longer redirecting additional \$5M from operations to maintenance, as well as \$1M lower one-off repair costs (both as a consequence of the increase in Infrastructure Maintenance Program dollars).
- The remaining \$1M to make up the difference has been carried through to the bottom line.